

*Counterpart - Betty Gans*

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APR 3 2 21 PM '97

RECORDATION No. 20612

April 3, 1997

RECORDATION No. 20612 A

Mr Vernon A Williams  
Secretary  
Surface Transportation Board  
Washington, D C 20423

Dear Mr Williams

Enclosed for recordation pursuant to the provisions of 49 U S C Section 11301(a), are three (3) copies of a Loan and Security Agreement, dated as of March 31, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents and three (3) copies of a Supplemental Security Agreement No One, also dated March 31, 1997, a secondary document related thereto

The names and addresses of the parties to the enclosed documents are

Borrower Providence and Worcester Railroad Company  
75 Hammond Street  
Worcester, Massachusetts 01610

Lender MetLife Capital Corporation  
10900 N E 4th Street, Suite 500  
Bellevue, Washington 98004

A description of the railroad equipment covered by the enclosed documents is

three (3) locomotives bearing reporting marks and road numbers  
PW 2212 through PW 2214, inclusive

Mr Vernon A Williams  
April 3, 1997  
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Also enclosed is a check in the amount of \$48 00 payable to the order of the  
Surface Transportation Board covering the required recordation fee

Kindly return stamped copies of the enclosed documents to the undersigned

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W Alvord

RWA/bg  
Enclosures

This Supplemental Security Agreement is executed by **Providence and Worcester Railroad Company** ("Borrower") pursuant to the terms of a Loan and Security Agreement dated 3/31/97 between Borrower and MetLife Capital Corporation ("Lender"). All capitalized terms used herein that are not otherwise defined herein shall have the respective meanings given to such terms in the Loan and Security Agreement.

In order to provide security for the payment and performance of Borrower's obligations under the Loan Documents, Borrower has granted to Lender a first priority security interest in the Collateral. In addition to said grant, Borrower intends by this Supplemental Security Agreement to grant to Lender a first priority security interest in the items of Equipment identified herein.

1 To further secure the payment and performance of all of Borrower's obligations to Lender under the Loan Documents, Borrower hereby grants to Lender a first priority security interest in the items of Collateral described below, including all present and future additions, attachments and accessories thereto, all substitutions therefor and replacements thereof and all proceeds thereof, including all proceeds of insurance.

Qty	Model/Mfr	Description	Serial No.	Cost
1		B23-7 Diesel Electric Locomotive formerly known by Mark # CSX 3117, now known by Mark # P&W 2212		
1		B23-7 Diesel Electric Locomotive formerly known by Mark # CSX 3124, now known by Mark # P&W 2213		
1		B23-7 Diesel Electric Locomotive formerly known by Mark # CSX 3126, now known by Mark # P&W 2214		\$750,000.00

2 Borrower hereby (a) affirms that the representations and warranties set forth in Section 5 of the Loan and Security Agreement are true and correct as of the date hereof, (b) represents and warrants that Lender has a first priority security interest in the Collateral, and (c) represents and warrants that the above described equipment will be maintained at the following location(s):

60 Mill Street  
Cumberland, RI 02864

382 Southbridge Street  
Worcester, MA 01610

100 Cemetery Road  
Plainfield, CT 06374

- 3 The Loan Amount for loans to be made pursuant to this Supplemental Security Agreement is \$750,000 00
- 4 The Commitment Expiration Date for loans to be made pursuant to this Supplemental Security Agreement is September 30, 1997
- 5 The amount of liability insurance required to be maintained by Borrower pursuant to Section 6(d) of the Loan and Security Agreement is \$5,000,000 00
- 6 All of the terms and provisions of the Loan and Security Agreement are hereby incorporated in and made a part of this Supplemental Security Agreement to the same extent as if fully set forth herein

In witness whereof, Borrower has executed and delivered this Supplemental Security Agreement this 31st day of March, 1997.

Borrower Providence & Worcester Railroad Company

By Robert J. Easton

(Print Name) Robert J. Easton

Title Treasurer

STATE OF Massachusetts

COUNTY OF Worcester

On this 31st day of March, 1997 before me, a Notary Public, personally appeared Robert J. Easton and Treasurer, to me known to be the Providence and Worcester Railroad Co., who executed the foregoing instrument and acknowledged the said instrument was the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned.

Whendy Sunder  
Notary Public in and for the State of Massachusetts,  
residing at Charlton

My Commission expires 6/23/2000

[SEAL]